

98-84351-10

Payne, Sereno Elisha

A dollar equal in value to
every other dollar

[New York?]

[1893]

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[MICROFILM] OCLC: 38245577

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REDUCTION RATIO: 11:1

IMAGE PLACEMENT: IA (11A) IB IIB

DATE FILMED: 2/28/98

INITIALS: F.C.

TRACKING # : 31426

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1892

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THE REFORM CLUB
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A Dollar Equal in Value to Every Other Dollar.

SPEECH
OF
HON. SERENO E. PAYNE,
OF NEW YORK,
IN THE HOUSE OF REPRESENTATIVES,
Friday, August 25, 1893.

The House having under consideration the bill (H. R. 1) to repeal a part of an act, approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes"—

Mr. PAYNE said:

Mr. SPEAKER: Representing, as I do, a portion of the State of New York, after hearing the remarks which have been made about New Yorkers as the "gold bugs of Wall street," and the "agents of Lombard street," and "Shylocks" and other like things—after hearing so many epithets of that description applied so freely to the people of New York, I feel as though I ought to introduce myself to the House before I commence my remarks upon the pending measure. [Laughter.]

I do not represent a Wall street district. Why, bless your souls, gentlemen, if I should try to run for an office anywhere below High Bridge I would not get votes enough to be returned even among the "scattering." [Laughter.] My district is 300 miles away from Wall street, and three-fourths of my constituents are tillers of the soil. They have the same interests that the farmers of the great West have. They get their living in the same way, and they are as intelligent as the constituents of members from the Western States are, and they know that their relations to the money centers of the world are as close as the relations of the merchant or the manufacturer can be.

They can not move their crops, they can not harvest their crops, they can not reach the markets, unless the money comes from the money centers. And these farmers, some of whom are in debt because they are enterprising men, because they are not always content with the few acres that they can pay for when they start out on the road to success, still realize that it is better for them to have a sound and stable currency, and they real-

ize it as fully as any man from the money centers of the world.

Mr. Speaker, we have had here two long, weary weeks of exhausting debate. There has been some argument and a great deal of buncombe. There has been much of "vituperation." We have heard a good deal about the "surreptitious crime" of 1873, when the Congress of the United States "secretly" passed an act to demonetize silver—a measure, by the way, which had been before Congress and the departments, and had been reported from the office of the Secretary of the Treasury time and time again for nearly three years. We have had stated, with great circumstance and detail, the story of Punic faith, and the mythical story about the drummer boy at Marengo, who taught Napoleon war, and christened him "sire" before he had become Emperor. [Laughter.]

The statement was given to the House with all earnestness, as though the gentlemen from Nebraska had made a new discovery and was springing it on the House. But all this has little to do with the question of the repeal of the purchase clause of the Sherman act. I voted for the Sherman act in 1890 from a high sense of duty. I shall vote on Monday next to repeal the purchasing clause of the Sherman act, also from a high sense of public duty. [Applause.]

At the time when we considered the Sherman act we had upon the statute book a law which provided for the purchase of \$2,000,000 worth of silver every month, to be coined into standard silver dollars of 412½ grains each, and added to the circulation of the country; and then, for fear that silver would not circulate among the people, there was a still further provision that the Secretary of the Treasury might issue certificates for the deposit of these silver dollars, and that such certificates should be taken for all public dues, taxes, and customs duties of the United States.

Gradually that silver circulation, that silver coinage, was getting to a dangerous point. No dollar had ever been dishonored, no dollar had ever been sold below its face value; but a point was gradually being reached where there was danger in continuing the coinage. And then our friends from the silver States who had studied the question of the production of silver, who knew about their mines and their capacity to yield silver, assured us that if we would purchase 4,500,000 ounces of silver each month we would take the surplus silver not of this country only, but of the world, and provide a market for it; and we could issue certificates at the market rate upon that silver. And if this were true, as they said with great reason, it would not be a great while before silver would be on a parity with gold; the price would advance, and then we could safely enter upon the free coinage of silver.

There were other features of that bill which I will not stop to refer to now. These were sufficient to induce me to vote for it. We got rid of the Bland bill, an infinitely worse measure, by taking this compromise and truth of 1890. There has not been a moment since that act was passed when I would not cheerfully have voted to repeal the purchasing clause of it.

Mr. Speaker, in some quarters the distress under which the country is now laboring has been attributed to this silver-pur-

chasing clause. I think myself it has very little to do with it beyond the imagination of men who believe that this is the cause of the trouble. But had the Bland law been upon the statute book at this time, had the Sherman act never been passed, how much worse would have been the Bland bill in creating the very disturbance which we witness now? There would have been added to the currency from the time of the enactment of the Sherman law within about \$40,000,000 of what has been already added up to the present time. And now the price of silver is so low that if we should substitute the Bland act for the Sherman law we would get a larger increase of circulation every month from this time henceforth. For this reason I should vote to repeal the silver-purchasing clause.

Mr. Speaker, we must have some standard for the measure of values. There must be some yardstick, some base from which we can calculate values. Since the civilization of man there has been chiefly one metal used as money. Other metals have been used, but this one metal seems to have had a stable character as to its value. It is light and convenient to handle. It is the only metal out of which you can make a five-dollar piece that you can carry about without a horse and wagon to help you. It has seemed to be adapted the standard of money.

When I say that this metal has been stable in character and value you may say that other commodities have depreciated, or that gold has appreciated. But you fail to take into account that every other commodity is produced with less human labor and less cost to-day than ever before in the history of the world. Go to your farms and you find that a bushel of wheat is raised at much less expense than formerly. Instead of the old-fashioned sickle, you now have the reaper; you have safe, convenient, and easily operated machines to assist in the operations of farming, so that a boy of 12 years of age can now do the work which formerly required half a dozen men.

Follow the product to market, and you find the same thing. You have cheaper means of transportation—not the old ox team, not the horse and wagon, not even the slow and cheap canal boat; but you have transportation by rail, which has decreased the cost of transportation 75 per cent within the last twenty years. Where it cost two and six-tenths of a cent to transport a ton of grain one mile, twenty years ago, it costs to-day but six-tenths of a cent. Not only can the wheat be raised more cheaply, but everything made by the mechanic can be bought cheaper, because of the inventive genius not of the American people alone, but of the whole world. But when you come to compare gold with human labor, you find that the laborer can get more for his work to-day than he could twenty-five years ago. Labor has been appreciating in value in comparison with gold. And when you come to borrow money, how much have you to pay?

Mr. BANKHEAD rose.

Mr. PAYNE. I can not be interrupted; I have not the time. The rate of interest has been gradually and surely decreasing all over this country. Why, sir, it was only a few years ago when in my own State 7 per cent was the lowest rate at which money could be obtained; but for the last five years the people have been loaning all the money the farmers would take at 5 per

cent per annum. In your Western States, where you at one time paid 10, 12, and 15 per cent, you now get money for 7, and even 6 per cent.

Mr. HENDERSON of Iowa. In my own county the farmers loan money to each other at 5 per cent.

Mr. PAYNE. As my friend from Iowa suggests, the farmers in his county do not exact more from each other for the use of money than 5 per cent. Money, you say, has been appreciating in value all this time; yet it can be hired in the markets of the world at a less per cent than ever before.

Mr. Speaker, there is a substantial reason why we should have another standard of value than gold, and that reason turns on the question whether there is enough gold in all the world to do the business of the world as a money basis. I believe there is not. I believe that of this metal which can stand the test of fire, which is light and convenient to be carried about, there is not enough to do the business of the world. There is another that appeals strongly to me as an American. There is another metal, the white metal, one-third of which is produced in our own country; and for this reason I am all the more in favor of honoring silver also as a standard of value.

I would like to see both metals, side by side, travel together as the standard of value in this country of ours. If I believed it to be possible I would vote to-day for the free coinage of silver or for the free coinage of both metals in order that they might go forward side by side at a parity. But, alas! Mr. Speaker, the history of the past shows us that this is not a possibility. There has not been in a civilized country the free coinage of both metals existing for a period of years where one has not become cheaper than the other.

So it was in France; so it was in our own country. Up to 1834 silver was the cheaper metal with us, and after that, at the ratio of 16 to 1, silver was a dearer metal. It then passed out of circulation. We were on a gold basis from 1834, practically, down to the present time. They did not travel at a parity. It is not in the nature of things that they should. Why, gentlemen, give us an illustration a couple of cisterns partially filled with water and connected together by the same pipe, and tell us that the water stands on a level in the two cisterns. And so it does. But the trouble with your cistern of gold and your cistern of silver is that they are not exactly alike. One is heavier than the other in the markets of the world. They do not stand on the same level.

When water in one cistern and oil in another cistern, connected by the same pipe, will stand on the same level, then gold and silver will do so, and not until then. They say also that they are like two metals in the pendulum, one expands and the other contracts, and so regulates the motions of the pendulum that it neither loses nor gains time. But the trouble with silver and gold is that you can not put them into the same pendulum. When you invent some process by which they can be put together in the same coin, and you can detect the counterfeits, you may have them traveling together, as in the pendulum, and the shrinkage of the one may counterbalance the gain of the other. But not until then.

Mr. Speaker, until all the civilized and commercial nations of the world resolve upon international bimetallic coinage on the same standard—at a common ratio—I do not believe that silver and gold can travel on exactly the same basis on any ratio. Why, the value depends on supply and demand. Supply is affected by the difficulty in getting one metal or the other.

The demand is affected somewhat by the amount of either metal used in the arts; and as this varies, the price will necessarily vary, not largely perhaps; but it does not require a very large amount in a single nation's coinage of the metal to drive the one or the other out of existence. If the metal broker can buy the cheaper metal and put it into coinage and exchange it for the dearer metal, 1 per cent will be a sufficient margin to pay him well for the trouble, and in this manner the dearer metal would gradually disappear from circulation.

But if all of the nations were engaged in the system of bimetallic coinage it would not make so much difference if the dearer metal does disappear from circulation and the cheaper metal remain, because the cheaper metal becomes the universal standard of value between all the nations trading with each other and there is nothing to disturb the commercial ratio between them. And so when you can get the commercial nations of the earth to unite themselves together in the coinage of both these metals, then we shall have a bimetallic coinage that will be as enduring as the nations in which they are used.

If we continue purchasing silver at the ratio now fixed, we put off the day when the nations shall come to an agreement. England has stopped the coinage of silver in India; the commercial nations of the earth have nearly all stopped the coinage of silver. Let us stop too, and let us show the world that there is not enough gold in existence to transact the business of the world, and the world will come to our standard and we shall have then international bimetallic coinage.

So, Mr. Speaker, I am in favor of the repeal of the purchasing act to hasten the time when the white metal, produced in our own mines, furnishing labor to our own miners, shall enter into the world's supply of money and with a steady market, and shall find and bring peace, happiness, contentment, and comfort to those sturdy miners of the West.

But they ask us can we show any instance where a silver dollar has not passed current at 100 cents. No; we have not yet reached that point. But go on with this purchase of silver to an indefinite extent; go on to the point where the people will not believe that the good faith and credit of the United States, with the means at their disposal, are sufficient to redeem it in the coinage of the world—the gold coinage of the world—and then you will find the silver at a discount.

Why, my friend from California [Mr. BOWERS] the other day brought in a Mexican dollar, and said he bought it for 40 cents, while he had to give 100 cents for the American dollar, with the eagle on it. Now, did the eagle on the coin make the difference? It was not so much the coin or the inscription upon it as the nation which was back of it; because the people know when they see the American eagle on the coin of the United States that the faith and the fortunes of 65,000,000 people stand be-

hind it, pledged in honor to redeem it. That is what made it worth a dollar.

While, on the other hand, the Mexican dollar with free coinage, free silver coinage, has found the level of the bullion value in it, and nothing more. But, Mr. Speaker, the American eagle and the American people could not protect the silver dollar were it not for the fact that the coinage of that American dollar is limited by law. They tell us that France has maintained her coinage of silver at a parity with gold for many years. In 1873 there were presented at the mints for coinage 154,000,000 francs' worth of silver.

That amount came into the mints to be coined against 5,000,000 francs' worth in 1871 and 1872. It frightened the French financiers, and they took steps to stop the free coinage of silver. The Latin union was called together, and they limited the nations forming the union to a coinage of 125,000,000 francs; and in 1876 France discontinued the coinage altogether and succeeded thereby in floating the six hundred millions of silver which they had in circulation.

But our friends say, "Adopt free coinage, return to the Bland law, or leave this statute upon the books." Whichever you do will frighten Europe; and the people who hold our securities will dump them upon our markets, and they will demand the gold and take from us the three hundred millions or four hundred millions of free gold which we now have in this country. It will leave us the distress and the doubt and the discomfort of our own people.

Why, Mr. Speaker, in August, in the city of New York, a crowd of men willing to labor and earn bread for their families, carry a black flag through the streets with the words "Work" and "Bread." If this thing continues until the cold December, what will the harvest be to those men and to our country? We are spending two weeks in debate, fourteen days, when fourteen hours would have sufficed; fourteen days, when every man upon this floor had his mind made up and a verdict ready to render on the first day of the session. Why not do something toward relief?

Will the repeal of the purchasing clause do it? It may help to do it? A wise physician often meets a patient who is sick only in his imagination, and he administers bread pills, or the patient becomes a fit subject for the faith cure. Let us administer the faith cure, and to those men who believe that the purchasing clause is the only cause of trouble in this country, that will give some relief.

There are other causes, of which I will not now speak; but I have deprecated some thoughts which have been expressed by gentlemen on the floor of this House. Why, they have called at bankers as though they were villains, fit only for the State prison. The gentleman from Nebraska [Mr. BRYAN] wanted the statute amended so that the man who stole a million dollars would get more than five years in the State prison.

Well, if a millionaire stole a million dollars from another millionaire it would not make much difference to the people of the country at large whether he went to the State prison for five years or for more than five years; but when a man steals a

million dollars he steals it from more than a hundred individuals, and commits a crime as against each one; and five multiplied by a hundred would send a man to the State prison long enough even to satisfy my friend from Nebraska.

But I have thought, when I saw gentlemen upon this floor trying to steal each other's demagogic thunder, that there ought to be upon the statute book a law denouncing as a crime the inventory of demagoguery, and I would like to see that statute rigidly enforced, even if it vacated some seats upon this floor. [Laughter.]

But it is said that we are invited to follow the lead of England, and to adopt the gold standard because England has it. Why, we have had the gold standard since 1814, all the time. Now, there are some gentlemen on this floor who are declaiming about following England, who do want to follow England in tariff matters, in the direction in which England wants them to follow. I am more willing to follow England in this direction of coinage, a direction in which she does not want us to follow.

Gentlemen have talked about the price of wheat in India, about English gold buying silver at bullion value and paying for wheat in the cheaper metal. What is the remedy? Why, they have stopped the free coinage of silver in India, and now these wise friends of ours propose that the American farmer shall take the place of the Indian farmer, and that England shall buy our cheap silver with her gold, and pay our farmers for their wheat with the silver thus purchased.

Then they talk about the debts of the farmer, and they want cheap money to help the farmer to pay their debts. I have never come across the farmer yet who was not willing to render dollar for dollar of the money that he borrowed, just as good money as he got when he borrowed it. But the farmers are not the debtors of the world. The debts of the farmers are as a bagatelle compared with the debts of other classes.

The savings-bank deposits amount to more than \$1,700,000,000; deposits in other banks, \$3,000,000,000; liabilities of insurance companies more than \$9,000,000,000. These debts are largely owed to the poor people of the country, who deposited and paid in their premiums in good, honest money on a gold basis. But beyond all this the tolling millions of our people, before the incoming of the present Administration, every week drew for their wages more than \$25,000,000. Who has the hardihood to propose to scale the wages of the laboring men of the country with a 6-cent dollar?

Mr. Speaker, pass a free-coinage bill at any of the ratios and you attract the surplus silver, for which there is little market elsewhere; you stimulate its production here; you add untold millions to our silver coinage; you force upon us the single silver standard; by driving out all our free gold you contract the currency by \$300,000,000 or \$400,000,000; you increase the cloud of distress and doubt.

It has been often asked in this debate why it is that a silver dollar is worth as much as any other dollar. Now, it is claimed that silver dollars bring a premium of 3 per cent in New York; and one gentleman went so far as to claim that these dollars brought a premium in gold. He did not stop to reflect that the holder of gold coin in New York could go to the subtreasury

and get all the silver dollars for which he could pay, else he would not have given currency to the statement.

It is true that a premium has been paid in New York for gold and silver and paper currency, but the payments were made in the certified checks of the bank, or the certificate of the clearing house. It was because of the scarcity of currency. By the statement of the Treasury Department made on the first day of the present month, it appears that there were outstanding greenbacks, \$324,394,404; silver certificates under act of July 14, 1892, \$143,774,138; subsidiary coin, \$64,007,129; amounting to \$532,175,671; all of which is redeemable in gold coin.

The gold reserve on that day was \$90,202,933. But there is a still further draft on this gold reserve, because the silver certificates, amounting to \$330,188,390, were receivable for customs and taxes, and have been used almost exclusively for many months in payment of governmental dues. With our small gold reserve drawn upon at each end, how long can we stand an increase of demands upon this reserve at the rate of \$3,000,000 per month? Other gentlemen will do as their judgment dictates, but to me it seems extremely hazardous not to stop their drain at once.

Vote down the repeal of the silver-purchase clause and you further paralyze industry and enterprise.

You add to the countless throng that is already on the way begging for work and bread in this fair land of ours. Is not the threatened revision of the tariff laws, which unsettles values, distresses labor, closes factories, ruins business, and brings about the "change" from the prosperity, so truthfully described by a Republican President in December last, to the universal distress and misery and want, so truthfully described by a Democratic President in this month of August, sufficient, without adding to it a refusal to repeal the law which adds \$3,000,000 monthly of uncertain value to our currency, threatening us with cheap and dishonest dollars, ruining our credit abroad, and increasing the distrust of our people at home?

Gentlemen upon this side of the House, the country, as always, expects you to do your duty. Be not disturbed by the taunt that you are following in the wake of a Democratic President. Why, the Republican party passed an act January 14, 1875, for the resumption of specie payment on the 1st day of January, 1879. They fought the greenback craze in the campaign of 1876, and stood firm as a rock against the oncoming waves of cheap money. They were for honest money before our Democratic President was born—politically! Yes, years before he was known outside of the limits of the city of Buffalo by his own party. Because, now, he desires to jump onto the band wagon, I, for one at least, do not propose to give up my seat.

When the roll is called on this measure it will be found that the great mass of the Republican vote is recorded in favor of making every dollar of our money as good as every other dollar. The attempt in this country to array class against class, section against section, the South and the West against the North and the East, will have proved a dismal failure. [Applause.]

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